

{as prepared for delivery}

**Thomas C. Dorr
Under Secretary for Rural Development
Remarks**

**Agricultural Media Summit
Milwaukee, Wisconsin
August 2, 2005**

Thank you for that kind introduction. It's great to be here.

Finally.

THANKS

I want to begin by thanking **President Bush for this
opportunity to serve -- and for his continuing confidence and
support through a “somewhat prolonged” confirmation
process.**

I am grateful as well for the generous support and counsel of **Secretary Veneman** and **Secretary Johanns** and especially Senator Grassley--

Again, I'm thrilled to be back. Now we have a job to do. We have a great opportunity to facilitate discussion and we have 60 million creative rural Americans to serve.

President Bush has set an aggressive agenda for rural America in 2000-2001

- on homeownership, access to broadband, renewable energy, access to health care, entrepreneurship, job creation and so much more.

It's an exciting, compelling vision. I'm proud to be a part of the President's team, and I look forward to advancing the initiatives established by rural Americans and the President, that we kicked off when I first came on board.

And that starts with the biggest challenge and opportunity of all not only positioning but positioning encouragingly out the opportunities for rural America-- positioning rural America to benefit from the changes that are barreling down the pike at us even as we speak.

FACING UP TO CHANGE

These are exciting times for rural America. There are challenges due to ever-tougher international competition and unrelenting cost pressures on individual producers.

But there is also enormous upside potential from the diversification of the rural economy. Emerging growth sectors based on broadband, bioagriculture, value-added production, ethanol and biodiesel are there to be leveraged and they create

significant opportunity for all rural American- not just landowners and producers.

It's up to us to rise to the occasion.

I suspect that every person in this room understands both sides of the equation. Rural America is your beat. You are journalists, communicators, and educators. You write about these things, I would guess, in virtually every issue.

And most of us, I suspect, understand that challenges and opportunities are the opposite sides of the same coin. The difference is how we are prepared. We all struggle with these changes.

One of the defining phrases of the 20th century -- Joseph Schumpeter's phrase "creative destruction" -- captures this

idea. Growth imposes costs. Clayton Christianson called it the “Innovation Dilemma”.

Even beneficial changes, changes that leave most individuals and society as a whole much better off, usually have a cost.

Frequently; the new business model literally replaces the old.

So- for any individual -- or any company, community, or country -- change is an opportunity if you are on the creative end of it, or a threat if you are not ready.

But either way, in the old hide and seek vernacular, ready or not, change is coming.

The mental picture of an isolated, timeless rural world of unchanging disciplines and patterns of life -- what I’ve sometimes called the American Gothic image of rural America has evolved.

- **Not so long ago, when my dad was farming, the great change agents were mechanization and rural electrification.**

In 1940 there were over 6 million farms in America. By 1980, there were about two and a quarter million, roughly the same number as now. That's the rural dynamic I grew up with, and still today it dominates the thinking of a lot of people. Today about 250,000 produce the bulk.

- **But with the advent of technological advances- not just agriculture- but rural has become a brave new world.**

- **Just yesterday in the broad scheme of things, we've seen the fall of the Berlin Wall ... the liberation of hundreds of millions of people ... the opening of China to the West ... China and India both untangling some of their historic**

issues and getting their economies, including their farm sectors, moving ahead.

■ These also are good things in the broad picture. They are still in the early stages and some important questions still have to be worked out.

■ Today the change agents in rural America range from the highest of hi-tech -- things like broadband and gene splicing -- to encroaching urbanization and globalization.

■ Tomorrow the drivers will be something else. I don't know what they will be, but I know they're coming.

The point is, at no time in history of man- especially the last 70 years has there been a moment at which you could say, "stop the world, I want to get off."

NEW DIRECTIONS IN RURAL POLICY

Our job at Rural Development is to help facilitate rural regions as they acquire the skills, the attitudes, and the capital they need to be on the positive side of the change equation. To look ahead, not back. And the good news is, that can be done. We have 800 offices to help carry out this effort.

Rural areas have enormous competitive advantages – abundant, affordable land, clean air and water, a lower cost of living, no congestion, low crime, a highly motivated work force with strong traditional values.

Yes, cities have economies of scale, but they also have diseconomies of scale. And the truly historic opportunity that is presented to us today– thanks to modern transportation and communications, the interstate highways and broadband -- is

that the traditional barriers of time, distance, and rural isolation are crumbling.

That calls for a new paradigm in rural policy. That's not my idea. People on this beat, including probably most of you, have talked about this for years. But now it's happening.

Right now, **Secretary Johanns** is criss-crossing the country holding listening forums with rural stakeholders about the upcoming **Farm Bill**.

I'm certainly not going to prejudge the results or front-run the Secretary or **President Bush** or Congress on what the Farm Bill will look like. And I recognize that we in Rural Development are just one part of a much bigger picture.

But we're an important part, and we're not standing still. We have a broad mandate for leadership coming out of the 2002

Farm Bill. We have plenty of work to do. I'm excited by what is already underway.

Not so many years ago, Rural Development was three separate agencies. The Rural Utilities Service strung up electric and phone lines, and the Housing and Business programs were lenders of last resort. The agency was reactive, not proactive.

Today, we are a very different agency:

- **We are integrated into one Rural Development and are three years deep into an aggressive branding campaign to educate our stakeholders about our reoriented mission.**

- **We are encouraging and training our people to eliminate narrow stovepiping and to think in terms of synergies, partnerships, and comprehensive community development.**

- **We are focused on emerging technologies and new market opportunities – things like broadband, alternative energy, ethanol and biodiesel. As well as what I call place.**
- **We continue to shift the weight of our programs from grants and direct loans to loan guarantees, which leverage significant private resources, generate a multiplier effect, and orient programs toward market disciplines.**
- **We have instituted a comprehensive Multi-Family Housing revitalization program to deal with the inherited deferred maintenance and legacy costs that have accumulated over many years.*Add how?**
- **We have launched an aggressive national outreach initiative in partnership with the Minority Business Development Agency to improve the delivery of services to historically underserved minority business communities.**

■ We're not neglecting our traditional mission areas -- housing and infrastructure are what this agency has been about for 70 years -- but we recognize we have to step up to a bigger, more competitive world.

Our goal is to be an investment bank -- a venture capital entity -- for rural America. And we've come a long way towards realizing that goal.

The numbers add up fast. Since **President Bush** took office, Rural Development has expanded from a program level of around \$8-9 billion a year to around \$12-13 billion. Since 2001, we've invested over \$54 billion and created or saved over 1 million jobs.

HUMAN CAPITAL

But the numbers, by themselves, just tell us where we've been.

They don't tell us where we're going.

One of the most important thing we've learned about economic development -- whether it's urban or rural, or on the scale of a single company, or a community, or an entire nation -- is that the decisive thing isn't money.

The money is there if you have a marketable idea.

The key things are entrepreneurial spirit, a strong work ethic, an orientation toward the future, the rule of law, respect for private property, moderate taxation.

The bottom line is that the greatest challenge is unlocking human potential. If we can do that, rural America can thrive.

I believe we WILL succeed.

BENCHMARKS OF SUCCESS

So in conclusion, let me just say that I'm proud of how far Rural Development has come over the past five years and of how much we've accomplished.

I'm proud that rural homeownership, at 76.1%, is 10 percent higher than the urban figure (69.2%). The \$16.7 billion that Rural Development has invested since 2001 is a big part of the reason.

I'm proud that Rural Development is one of the leaders in mainstreaming ethanol.

■ Ethanol production efficiencies have improved, costs are lower, the phaseout of MTBE has dramatically expanded the additive market, and oil prices are higher.

■ It all adds up to a critical mass that may make ethanol a breakout technology in the very near future, with significant multiplier effects for the rural economy both on and off the farm. REFF

■ Success has a thousand fathers and I want to give credit to the many people -- in the private sector and in government - - who have helped moved ethanol along, but Rural Development has played a big role.

I'm proud that we've extended **broadband** access to over 1.3 million rural residents and businesses in just the last two years.

Rural Development is doing for broadband what our predecessor

agencies once did for electricity and telephones -- and it is every bit as important:

- Broadband is a transformative technology that gives every small rural business the ability to reach national and international markets.**
- It allows jobs to move to people rather than the other way around.**
- It allows rural communities to leverage their lower costs and quality of life advantages.**
- It gives small rural communities access to telemedicine and distance learning and makes them more attractive places to build a business or raise a family.**

I'm proud that our "9006" Renewable Energy and Energy Efficiency program – another new initiative of this Administration – is lifting off. Alternative and renewable energy is more important than ever, and it is potentially a major growth sector for the rural economy. From wind and solar power to anaerobic digesters and biodiesel, we're making strategic investments that position rural America to benefit from major structural change.

I'm proud of our investment in rural health care – over \$900 million for telemedicine, hospitals, and clinics since 2001.

- That's not just a health care issue for current rural residents, though that is of course important.**
- It's also a strategic investment in long term growth, because access to quality care is a threshold condition for businesses**

looking to locate or young families looking for a place to raise children.

CONCLUSION/TRIBUTE TO AUDIENCE

As communicators and educators, you play an extremely important part in orienting your subscribers to the challenges and opportunities we've discussed.

With that in mind, I do sincerely appreciate what you do to keep this discussion future oriented ... to help rural stakeholders recognize that the future is bright, provided we are willing to seize the opportunities.

And I look forward to meeting with you and working with you to build that bright future for rural America that all know is there.

Thank you.

